

Agenda Item No. 5

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

*1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458*

April 4, 2012

TO: Sacramento Local Agency Formation Commission
FROM: Peter Brundage, Executive Officer
RE: **Rio Linda/Elverta Community Water District – Draft
Municipal Service Review – Report Back (LAFC 07-10)**

RECOMMENDATION

Receive and file status report.

Overall the District is providing adequate water service to the community and progress is being made to address the water supply capacity issues. However, there are several concerns that continue to exist:

1. Potential cancellation of Liability Insurance;
2. Difficulty related to Board meetings;
3. Minimal cash flow to build up a financial reserve; and
4. Litigation and related legal costs.

DISCUSSION

This report summarizes the actions, developments, and events related to the Rio Linda Elverta Community Water District that have occurred since March 7, 2012.

I. Board of Directors

The Board of Directors attended a Governance Training class sponsored by Special District Risk Management Association (SDRMA) on March 27th. Four Board seats will be open for the November, 2012 election. *The Board meetings remain a challenge and continue to be contentious.*

Mary Henrici has also indicated that they may have security or an off-duty sheriff present during the next Board meeting.

II. Progress of Well and Pipeline Construction

Well No. 15

The District has completed drilling Well No. 15 and completed construction of the pipeline. The well is not operational and will be completed by the Spring of 2013 because construction is not permitted in wetland areas between October 15th and April 15th. Optimistically, this well could be operational by the Fall of 2012. The District has awarded the contract to complete construction of the pump, back up generator installation, connect to the new pipeline, and complete the seal coat for asphalt related to the pipeline construction. Construction is anticipated to commence in April, 2012.

The contract amount is for \$1.2 million and is budgeted in the State loan.

Well No. 14

CDPH has authorized the District to proceed with drilling of the test well at this location. On March 22, 2012, the Board approved the contract to commence the test well. Construction is anticipated to commence in April, 2012.

The District estimates that the test well will be approximately 500 feet deep to reach the mid-aquifer. If both water quality and water quantity are satisfactory the District will proceed with a permanent well and facilities. Once water quality and quantity are known, the District will determine if a third well will be required to meet CDPH Compliance Orders.

The District is also required to cap the well that has been constructed but can't be used.

III. Status of CDPH Compliance Orders

The water quality and quantity continue to be satisfactory. Water pressure is subject to variation because of leaks and equipment failures. However, generally, water pressures remain adequate and comply with CDPH standards.

The District has satisfied one of the Compliance Orders issued by the CDPH related to reporting requirements and staffing plans. The first Compliance Order related to water supply and capacity has not been satisfied because well construction is not complete.

IV. Sacramento Suburban Water District Interconnection

No changes in the operation or status of the intertie with Sacramento Suburban Water District. This is an annual agreement and expires in Spring of 2012. RLECWD and Sacramento Suburban Water District renewed this Agreement during March, 2012.

V. Status of District Operations

District Financial Condition

No significant changes in the overall financial situation of the District. Cash Flow remains tight.

Staffing and Employee Relations

A labor agreement and health benefit package was reached with the labor union. There do not appear to be any outstanding issues at this time.

Urban Water Management Plan

The District will be issuing a Request for Proposal to solicit bids from consultants to prepare and update its Urban Water Management Plan.

Liability Insurance

The Association of California Water Agencies (ACWA) has notified the District that they are considering cancelling the District's liability insurance because of the many previous and pending lawsuits. The Executive Committee of ACWA met on January 31, 2012 to consider whether to recommend to their Board to cancel the insurance for property losses and liability claims. The Executive Committee will bring a recommendation forward at the spring ACWA Conference on May 7, 2012.

LAFCo contacted the Special District Risk Management Association to see if they would assist RLECWD in finding a commercial broker. SDRMA has contacted a broker who is reviewing the situation. SDRMA provided the District with contact information for an independent insurance broker.

In addition, RLECWD has contacted several other insurance carriers to obtain Property and Liability Insurance. To date, the District has not received any binding offers to provide insurance should ACWA terminate coverage at their May 2012 Conference and board meeting.

District Operations

The General Manager's report for February 7, 2012 to March 13, 2012 is attached highlighting the status of various district operations. Routine well site inspections are being made in order to keep on top of problems and in order to implement preventative maintenance activities.

Mary Henrici's contract terminates on June 1, 2012. The Board is negotiating to renew the contract for a 2-year term. Mary Henrici has proposed a 3-year term.

Pending Litigation as of March 22, 2012

Currently, the pending litigation is related to the former General Manager and a former employee.

1. CONFERENCE WITH GENERAL COUNSEL – PENDING LITIGATION - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a) (Teamsters Local 150 v. RLECWD, PERB case # SA-CE-736M).
2. CONFERENCE WITH GENERAL COUNSEL – PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE - The Board of Directors will meet in closed session pursuant to Government Code § 54957(b)(1).
3. CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Pending Litigation - Joseph Sherrill. Sac. Superior Court Case #34-2011 -001 03481.
4. CONFERENCE WITH GENERAL COUNSEL – POTENTIAL LITIGATION – The Board of Directors will meet in closed session pursuant to government Code Section 54956.9(b)(3)(B). Sherrill v. RLECWD.
5. CONFERENCE WITH GENERAL COUNSEL – PENDING LITIGATION – The Board of Directors will meet in closed session pursuant to Government Code Section 54956.9(a). Joseph Sherrill, Unemployment Insurance Claim.

VI. Issues

Overall the District is providing adequate water service to the community and progress is being made to address the water supply capacity issue. However, there are several concerns that continue to exist:

1. Potential cancellation of Liability Insurance;
2. Difficulty related to Board meetings;
3. Minimal cash flow to build up a financial reserve; and

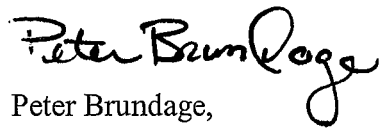
4. Litigation and related legal costs.

VII. Next Steps

LAFCo staff will continue to work with CDPH and the District to monitor the situation. We will keep the Commission informed.

Respectfully Submitted;

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION



Peter Brundage,
Executive Officer

cc: Board of Directors and General Manager RLECWD
California Department of Public Health
Sacramento Grand Jury

Manager Report

For February 7, 2012 through March 13, 2012

On February 9, 2012 I went to the RWA meeting and Supervisor Nottoli made a presentation regarding the Delta Plan. There were also several people there discussing the proposed Garden Bar Dam project. Some were for and some against the project for various reasons. There was new authority granted to the Executive Director and the Executive Committee allowing them to act on behalf of the RWA when there is not enough time to get the full Board together to take action. Later that day I went to Brown Act training along with Directors Hood, Johnson and Trautman.

On February 13th the bid opening for the Well #15 pump station took place. The low bidder was Koch and Koch Construction at \$1,187,403.00. Later that evening I attended the Board meeting where the Board awarded the contract and approved a natural gas generator as a project alternative.

On February 15, 2012 Jim Carson and I met and discussed the Well #5 design, staffing requirements, and budget adjustments required to replace broken valves in the system.

On February 21, 2012 I met with Katey Kurey who is the Labor Compliance person the District used for the well #15 pipeline project. We discussed the new State requirements for reporting wages to their newly created Division of the Department of Industrial Relations. Our project will be one of the first that the new Department will be receiving data on and we discussed strategies to avoid miscommunications and fines that the Department of Industrial Relations can impose.

On February 29, 2012 I calculated all of the rates that needed to be updated per Ordinance 2008-02 and 2007-01. These included capacity fees, fire protection facility fees, private hydrants and sprinkler lines.

On March 6, 2012 Pat and I met with Jim Carson regarding the staffing requirements that have been determined and discussed the duties of the field and office staff in detail. Later that day I met with the Utility Resource Insurance Services group. They are an agent that provides insurance to strictly water and wastewater utilities through the California Rural Water Association. They seemed very interested in covering our agency. I am in the process of getting the information they require together so they can quote us insurance.

On March 7, 2012 I attended the Lafco meeting with Director Frank Caron. Lafco was updated by their Executive Director on the progress of the District to date. It was felt by one of the Lafco Directors that the District should increase its fees to the maximum allowed in our current Ordinance in order to have money for reserves.

On March 8th I met with the Well #14 monitoring well contractor and discussed the differences between this well site and the Well #16 site that was originally bid. Later that day the mandatory preconstruction meeting for well #15 was held. The new labor compliance issues were discussed with all of the



RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT

730 L Street
P.O. Box 400
Rio Linda, Ca 95673
Office (916)991-1000
Fax (916)991-6616

Board of Directors Special Meeting

Thursday, March 22, 2012
Meeting will begin at 6:30 P.M.

Meeting Location:
District Office
730 L Street
Rio Linda, CA 95673

Remote Location:
Director Courtney Caron
45 Ozone Ave., in Courtyard
Closed Session in Apartment D
Venice, CA 90291

The next Regular Meeting is scheduled for
Monday, April 16, 2012
at 6730 Front Street, Rio Linda

It is the intent of the Board that meetings shall remain as informal as reasonably possible consistent with the business needs of the District. The Board President or a majority of the Board may invoke formal proceedings pursuant to Robert's Rules of Order should action be deemed necessary. The Board may discuss and take action on any item listed on this agenda. The Board may also listen to other items that do not appear on this agenda, but the board will not discuss or take any action on those items, except for items determined by the Board pursuant to state law to be of an emergency or urgent nature requiring immediate action. Copies of the agenda are posted at the Community Center, the District Office and on the District's Web Site at <http://www.RLECWD.com>. All documents relating to items listed on this agenda are available for public inspection at the District office: 730 L Street, Rio Linda, California. The public will be given the opportunity to directly address the Board on each listed item during the Boards consideration of that item. An opportunity for public comment on other items within the jurisdiction of the Board is offered under the item "Public Comment" and such comments are welcomed. Reasonable time limitations may be imposed on each speaker by the Board President. The Board may address any items in any order as approved by the Board.

Upon request, agendas and documents in the agenda packet will be made available in appropriate alternative formats to persons with a disability, as required by law. Any such request must be made in writing to the Rio Linda/Elverta Community Water District, 730 L Street, or P.O. Box 400, Rio Linda, CA 95673. Requests will be valid for the calendar year in which the request is received and must be renewed prior to January 1st of the next year. Persons needing disability-related modifications or accommodations in order to participate in public meetings, including persons requiring auxiliary aids or services, may request such modifications or accommodations by calling the Rio Linda/Elverta Community Water District at (916) 991-1000 at least 48 hours prior to the meeting.

Rio Linda / Elverta Community Water District, Board of Directors

Jerry Trautman, President Frank Caron, Director Vivien Spicer-Johnson, Director
Cathy Hood, Vice President Courtney Caron, Director

General Manager/Secretary to the Board
Mary Henrici

CALL TO ORDER AND ROLL CALL	The President will call the meeting to order and take roll.
PLEDGE OF ALLEGIANCE	The President will lead the pledge of allegiance.
ANNOUNCEMENTS	
PUBLIC COMMENT	Members of the public are invited to speak to the Board regarding items within the subject matter jurisdiction of the District that are not on the agenda or items on the consent agenda. Each speaker may address the Board once under Public Comment for a limit of 2 minutes. (Policy Manual § 2.01.160) The Board cannot act on items not listed on the agenda and, therefore the Board cannot respond to non-agenda issues raised during Public Comment other than to provide general information.
REMOTE PUBLIC COMMENT	

Thursday, March 22, 2012

1. ITEMS FOR DISCUSSION AND ACTION	
1. California Department of Public Health Services Requested by President Trautman	The Board will discuss the follow up on Agenda Item #9 from the 2/22/12 meeting, regarding a letter to California Department of Public Health Services.
2. Sacramento Suburban Intertie Agreement Requested by G.M., Mary Henrici	The Board will approve the Sacramento Suburban Intertie Agreement.
3. Meter Budget vs Broken Radio Read Meters Requested by G.M., Mary Henrici	The Board will discuss and make a determination on transfer of existing meters in stock from meter replacement program to Operations & Maintenance to repair existing radio read meters.
4. Conflict of Interest Code Section 2.30.010 Requested by G.M., Mary Henrici	The Board will discuss and approve the Districts Conflict of Interest Code, as it is required to review and amend every two years. The Board will adopt Resolution 2012-03.
5. Revise Policy 2.05.200 - General Counsel Duties Resolution 2012-06 Requested by Director Trautman	The Board will discuss revising policy § 2.05.200 giving the District more control over issues handled by General Counsel. The Board will be asked to adopt a resolution so a change may be added to the District Policy Manual.
6. Controlling and Tracking General Counsel Bills and Hours Requested by Director Frank Caron	The Board will discuss and consider options for tracking cost of General Counsel.
7. SEMS Technologies Water Utility Software Program Requested by G.M., Mary Henrici	The Board will discuss budgeting, in the 2012-13 Budget, for the purchase of software used for tracking backflow testing, lab test scheduling and equipment maintenance, which will reduce man hours and save costs.
8. PhoneTree Software Requested by G.M., Mary Henrici	The Board will discuss budgeting in the 2012-13 Budget, for the purchase of software used for notifying customers of any interruptions of service.
9. District Vehicle Policy Requested by Director Johnson	The Board will discuss use of vehicles and creating a policy. This item was presented to the Board 8/1/2011, the proposed motion did not carry. Vote of 2-2-0
10. Staffing Survey Requested by G.M., Mary Henrici	The General Manager will provide the Board with the Staffing Survey as per the request of California Department of Public Health in there May 2012 Compliance Report.
11. Meter Reads - Twice per year - March & September Requested by Director Johnson	The Board will discuss reading meters twice a year instead of the current practice of bi-monthly reading.
12. Discontinue " Water Disconnection" Requested by Director Johnson	The Board will discuss discontinuing disconnection of water service for non-payment of bills.
13. Hiring Freeze Requested by Director Johnson	The Board will discuss and consider implementing a hiring freeze.
14. "Outsource' Billing Statements Requested by Director Johnson	The Board will discuss and possibly approve outsourcing the District utility bills to rate payers.
15. a - Regular Meeting of the RLECWD Board b - Second monthly meeting of the RLECWD Board Requested by Director Johnson	The Board will discuss moving the regular meeting day and having a second meeting each month.

16. Resolution 2012-07 Revisions to Policy Manual Requested by G.M., Mary Henrici	The Board will approve adopting a resolution which would no longer require a resolution to add/change or amend the policy manual. 2.01.170 Form of Action
17. Gate Valve Replacement Report Requested by G.M., Mary Henrici	The Board will discuss the gate valve replacement report and approve Capital Budget transfers.
18. Job Description Approval Requested by G.M., Mary Henrici	The Board will approve job descriptions.
19. Resolution 2012-08, Regular Board Meetings Requested by G.M., Mary Henrici	The Board will approve Resolution 2012-08, Regular Board Meetings.
20. GPS Vehicle Monitoring Requested by Director Johnson	The Board will discuss and determine if GPS Vehicle monitoring is needed.
21. Ordinance 2011-01 Designating Funds Requested by Director Johnson	The Board will discuss and determine designating funds from Ordinance 2011-01.
22. Agenda items put in closed session by Legal Counsel that are open session agenda items. Requested by Director Frank Caron	The Board will discuss items placed in closed session by Legal Counsel. The Board will determine future actions.
23. Suspension of General Counsel's Contract Requested by Director Frank Caron	The Board will discuss suspension of General Counsel's contract..
2. FINANCIAL REPORTS	DISTRICT FINANCIAL REPORTS
a.) Bank Balances - February 2012 b.) Balance Sheet c.) Profit / Loss and Budget Performance d.) SRF Accumulative Costs	Written reports attached
3. INFORMATION ITEMS	DISTRICT ACTIVITY REPORTS
a.) General Manager's Report b.) Water Production Report c.) Report of District Operations d.) Monthly Source Production e.) Monthly Pressure Readings f.) District Engineers Report	Written reports attached
4. BOARD REPORTS	
a.) Regional Water Authority - Trautman, Hood, Henrici b.) Sacramento Groundwater Authority - Johnson c.) LAFCo - F. Caron d.) Other Reports	Per AB 1234 the Board of Directors will report on their meeting activities.
5. DIRECTORS' AND GENERAL MANAGER COMMENTS	
	Directors' and the General Manager may comment on matters not on the agenda, but no action other than placing the matter on a future agenda for discussion or a report from staff is allowed by the Brown Act.

Thursday, March 22, 2012

6. CORRESPONDENCE TO THE BOARD	
	Any letters and correspondence to the Board from the community and other entities.
7a. PUBLIC COMMENT FOR CLOSED SESSION	
	Public comment for closed session items only: The public is invited to comment on any item listed on the closed session agenda. Each speaker is limited to 2 minutes.
7b. REMOTE PUBLIC COMMENT FOR CLOSED SESSION	
8. CLOSED SESSION	The Board of Directors will convene to Closed Session to discuss the following items.
CLOSED SESSION	<p>1.) CONFERENCE WITH GENERAL COUNSEL - PENDING LITIGATION - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a) (Teamsters Local 150 v. RLECWD, PERB case # SA-CE-736M).</p> <p>2.) CONFERENCE WITH GENERAL COUNSEL - PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE - The Board of Directors will meet in closed session pursuant to Government Code § 54957(b)(1).</p> <p>3.) CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Pending Litigation - Joseph Sherrill. Sac. Superior Court Case # 34-2011-00103481.</p> <p>4.) CONFERENCE WITH GENERAL COUNSEL - POTENTIAL LITIGATION - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(b)(3)(B). Sherrill v. RLECWD.</p> <p>5.) CONFERENCE WITH GENERAL COUNSEL - PENDING LITIGATION - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Joseph Sherrill, Unemployment Insurance Claim.</p>
Announcements from Closed Session	The President will report on any actions taken in closed session. Including any motion or resolution required as a result of closed session discussions.
Reconvene Open Session	The President will reconvene the open session of the meeting.
ADJOURNMENT	The President will adjourn the meeting.